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JOHN M. HOUSTON  
COMMISSIONER

**MEMORANDUM: SA#10-02**

TO: All Contracted Substance Abuse Treatment Providers

FROM:  J. Kent Hunt  
Associate Commissioner for Substance Abuse

RE: Rate Study.

DATE: February 21, 2010

Expanded levels of care are a key component of the substance abuse System Improvement Initiative. The new levels of care are defined in the draft certification standards which have been circulated for initial comments. The draft standards, including the expanded levels of care, will not be implemented until adequate opportunity for discussion and comment has been completed. However, reimbursement rates to accompany the expanded levels of care must be developed prior to implementation. We have been working with the Substance Abuse and Mental Health Services Administration (SAMHSA), specifically the Center for Substance Abuse Treatment (CSAT) through a State Requested Technical Review to develop and conduct a rate study that is designed to produce Alabama specific rates for the defined levels of care. Alabama is very fortunate to be working with Thomas E. Lucking, Ed.S. and Sigrid Hutcheson, Ph.D. under contract with JBS International. Our goal is to identify reimbursement rates by June 1, 2010.

In order to meet our deadline, we need your assistance. Mr. Lucking and Dr. Hutcheson are developing a matrix to collect cost information from each contract treatment provider in Alabama. The collected information will be used to develop reasonable, cost based reimbursement rates. We plan to mail the cost matrix out by March 1, 2010. We will conduct a webinar to discuss the specifics and to answer any questions regarding the rate study on March 9, 2010 at 1:00 CST. The completed cost matrix must be returned by April 9, 2010.

Your participation in the rate study is essential to the establishment of reasonable reimbursement rates for the new substance abuse levels of care. Large numbers of participating providers will produce a more representative sample, however, rates will be established from the submitted responses. This is your opportunity to have direct input

into the reimbursement rates that will be implemented for each substance abuse level of care.

We plan to mail the cost matrix to you with a copy to a staff member that you select to complete the cost matrix. Mr. Lucking and Dr. Hutcheson recommend that the selected staff member be proficient in using spreadsheets, be familiar with your program budget and know some accounting. Please contact Mrs. Lynn Frost by phone at (334) 242-3962 or email at [lynn.frost@mh.alabama.gov](mailto:lynn.frost@mh.alabama.gov) and identify the selected staff member.

Thank you for your participation and continued support for substance abuse services.